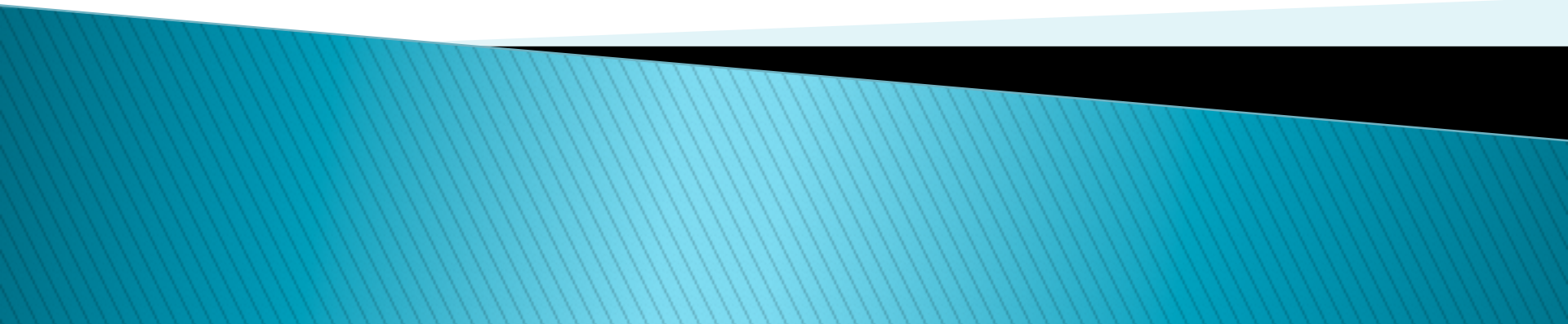


Reporting Financials on a Balance Sheet



Balance Sheet

A formal document prepared for interested persons (ex. stockholders and the general public) that reports the business' assets, liabilities, and owner's equity on a specific date.

Like the Accounting Equation, it has 3 sections:

Assets, Liabilities, and Owner's Equity

(Left)

(Right)

(Right)



PREPARING A BALANCE SHEET

Assets			= Liabilities + Owner's Equity	
Cash	+ Supplies	+ Prepaid Insurance	Accts. Pay.— Ling Music Supplies	+ Barbara Treviño, Capital
Balances \$5,863	\$4,297	\$1,200	\$1,360	\$10,000

1. Write the heading.
2. Prepare the assets section.
3. Prepare the liabilities section.
4. Prepare the owner's equity section.

<div>1</div> Encore Music Balance Sheet August 11, 20--									
<div>2</div> Assets					<div>3</div> Liabilities				
Cash	5	8	6	3 00	A/P—Ling Music Supplies	1	3	6	0 00
Supplies	4	2	9	7 00	<div>4</div> Owner's Equity				
Prepaid Insurance	1	2	0	0 00	Barbara Treviño, Capital	10	0	0	0 00
<div>5</div> Total Assets	11	3	6	0 00	<div>6</div> Total Liab. and Owner's Eq.	11	3	6	0 00
									<div>7</div>

5. Add amounts and compare the totals.
6. Rule single lines.

7. Write the totals.
8. Rule double lines.